

- The Daily Caller - <http://dailycaller.com> -**The racist history of the minimum wage**

Posted By [Jordan Bruneau](#) On 11:40 AM 01/16/2014 In | [No Comments](#)

Though minimum wage is often thought of as a triumph of the labor movement, it actually has a sordid history deeply entwined with racism. It was created, in part, to protect the white labor establishment from competition with black labor.

The [end of free European immigration](#) in 1921 combined with increasing economic opportunities in the North led to the Great Migration of Southern African Americans, living under Jim Crow, moving north. Similar to the Hispanic migration of recent decades, this led to a clash with establishment labor that worried about losing their jobs to those who would work for less. Samuel Gompers, the longtime leader of the American Federation of Labor, had [let it been known](#) that white labor would not take such threats lying down: “The Caucasians ... are not going to let their standard of living be destroyed by Negroes, Chinamen, Japs or any others.”

White labor appealed to [the legislature](#) and [Congress](#). On the House floor, Congressman William Upshaw [spoke for many](#) in the labor movement when he said, “You will not think that a southern man is more than human if he smiles over the fact of your reaction to that real problem you are confronted with in any community with a superabundance or large aggregation of negro labor.” Representative John J. Cochran [relayed](#) that he had “received numerous complaints in recent months about southern contractors employing low-paid colored mechanics getting work and bringing the employees from the South.” And, Representative Clayton Allgood [complained](#) about the “cheap colored labor” that “is in competition with white labor throughout the country.”

David Bernstein of the Cato Institute has [argued](#) that in addition to these instances of explicit racism, lawmakers made many more circumspect references to black labor: “They rallied against ‘cheap labor,’ ‘cheap imported labor,’ men ‘hired from distant places to work on this new hospital,’ ‘transient labor,’ and ‘unattached migratory workmen.’ While the congressmen were not referring exclusively to black labor,” Bernstein contends, “it is quite clear that despite their thinly veiled references, they had black workers primarily in mind.”

To remedy this issue of cheap black labor underbidding white union labor, [legislators emulated](#) the effective models passed just a few years earlier in British Columbia, Canada and South Africa. In the early 1920s, white British Columbian lumberjacks found that they were being underbid by Asians. The remedy was found in 1925, with the novel concept of [a minimum wage](#) – set at 40 cents per hour for anyone in the lumbering industry. White lumberjacks believed that if the Asian’s comparative advantage — the willingness to work for less — could be eliminated, their jobs could be protected.

A 1927 [B.C. Department of Labor report](#) explicitly articulated the intentions to price Asians out of the job market through the introduction of a minimum wage: “The Board of Adjustment has always taken the view that, if employers were obliged to conform to a higher standard of wages in the employment of Oriental labour, such labour would tend to become less desirable from an employer’s point of view, and to a certain extent would be substituted by the employment of white help.” The report goes on to approvingly cite figures that show the effectiveness of this strategy: “In 1925 there were 55.20 per cent of white employees and 44.80 per cent of Orientals.... In October, 1927 there were 68.86 per cent of white employees and 31.14 per cent of Orientals.”

At the same time, this strategy was being incorporated in South Africa in an attempt to reduce black labor in favor of white labor. South Africa’s [Economic and Wage Commission reasoned](#), “While definite exclusion of the Natives from the more remunerative fields of employment by law has not been urged upon us, the same result would follow a certain use of the powers of the Wage Board under the Wage Act of 1925, or of other wage-fixing legislation. The method would be to fix a minimum rate for an occupation or craft so high that no Native would be likely to be employed.”

The U.S. followed this strategy with its first federal minimum wage law: the Davis-Bacon Act of 1931. Though not a minimum wage as we'd think of it today, as in a fixed price per hour of labor (which subsequently came in 1938), the Act nevertheless stipulated that all federal contracts be paid in "prevailing wages" (i.e. white union wages). As a result, African Americans, who were forbidden from joining most unions and relied on their competitive bidding to land contracts, were shut out of federal contracts and the establishment whites were protected.

In 1977, the Congressional Joint Economic Committee published a study on youth and minority employment [detailing the negative effects](#) Davis-Bacon had on minorities: the "Davis-Bacon wage requirements discourage nonunion contractors from bidding on federal construction work, thus harming minority and young workers who are more likely to work in the nonunionized sector of the construction industry." Similarly, a [1979 Comptroller General report](#) to Congress called for the repeal of Davis-Bacon in part because of the negative effect it has had on black workers. Despite these findings, the Davis-Bacon law remains on the books today.

Though minimum wage is generally thought of as a benevolent government protection, it traces its roots to the vilest of thinking. Instead of helping the least well off as it is currently thought to do, it in effect entrenches the establishment and prices those on the lowest rungs of the labor market – often minorities – out of a job. Though these are now the unintended consequences of minimum wage and its increases, it is important to remember that at one time they were very much intended indeed.

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